

ENVIRONMENTAL PROTECTION AGENCY

40 CFR PART 59

[AD-FRL ]

National Volatile Organic Compound Emission  
Standards for Automobile Refinish Coatings

AGENCY: Environmental Protection Agency (EPA).

ACTION: Supplemental proposed rule.

SUMMARY: On April 30, 1996, the EPA proposed volatile organic compound (VOC) emission standards for automobile refinishing coatings. In today's notice, the EPA is proposing several changes to the rule regarding applicability, test methods, and multi-colored topcoats.

DATES: Comments. Comments must be received on or before [Insert date 45 days after date of publication in the Federal Register].

ADDRESSES: Comments. Comments should be submitted (in duplicate) to: Air and Radiation Docket and Information Center (6102), Attention: Docket No. A-95-18, U.S. Environmental Protection Agency, 401 M Street, SW, Washington, DC 20460.

Docket. Docket No. A-95-18 is available for public inspection and copying from 8:00 a.m. to 5:30 p.m. Monday through Friday, at the EPA's Air and Radiation Docket and Information Center, Waterside Mall, Room M-1500, Ground Floor, 401 M Street SW, Washington, DC 20460. A reasonable fee may be charged for copying.

FOR FURTHER INFORMATION CONTACT: For information concerning this notice, contact Mr. Mark Morris at (919) 541-5416, Organic Chemicals Group, Emission Standards Division (MD-13), U.S. Environmental Protection Agency, Research Triangle Park, North Carolina 27711.

SUPPLEMENTARY INFORMATION: Ground level-ozone, a major component of "smog," is formed in the atmosphere by reactions of VOC and oxides of nitrogen (NO<sub>x</sub>) in the presence of sunlight. Elevated levels of ozone can cause a range of health effects including respiratory symptoms (e.g. cough, chest pain, shortness of breath, wheezing, throat irritation), increased hospital admissions and emergency room visits for respiratory causes (e.g. aggravation of asthma), decreased lung function; inflammation of the lung, and possible long-term damage to the lungs. Groups at increased risk of experiencing acute health effects from ozone include active children, adults who regularly work or exercise outside, and people with pre-existing respiratory disease. Elevated ozone levels also can cause effects such as agricultural crop loss, damage to forests and ecosystems, and visible injury to foliage of sensitive species.

In the 1990 Amendments to the Clean Air Act (Act), Congress directed EPA to issue standards to reduce emissions from consumer and commercial products because these products, although individually small sources of emissions,

together contribute significantly to the ozone pollution problem. In 1990, consumer and commercial products emitted approximately 6 million tons of VOC nationwide, or about 28 percent of all man-made VOC.

Section 183(e) of the Act requires the Administrator to study and report to Congress on emissions of VOC into the ambient air from consumer and commercial products and their potential to contribute to ozone nonattainment levels. In addition, section 183(e) requires the Administrator to list those categories of consumer and commercial products that account for at least 80 percent of the VOC emissions, on a reactivity-adjusted basis, in ozone nonattainment areas and establish priorities for their regulation. The list is to be divided into four groups, with one group regulated every 2 years until all four groups are regulated.

The EPA submitted the Report to Congress on March 15, 1995, and on this same date established the priority list for future regulation of the consumer and commercial products that account for 80 percent of VOC emissions, on a reactivity-adjusted basis, in nonattainment areas (published on March 23, 1995, at 56 FR 15264). Automobile refinish coatings are in the first group of products to be regulated. On April 30, 1996, the EPA proposed volatile organic compound emission standards for automobile refinish coatings.

In today's supplemental notice, the EPA is proposing several changes to the rule regarding applicability, test methods, and multi-colored topcoats. The EPA welcomes comments on these proposed changes.

### Applicability

#### Components of Multiple Manufacturers

Regulated entities under the proposed rule included only manufacturers and importers of complete automobile refinish coatings. The VOC content of an automobile refinish coating depends, however, on the VOC content levels of all components that make up the coating. Coating users sometimes combine components made by multiple manufacturers when preparing a coating. Since components themselves are not coatings, a manufacturer who produces only hardeners, for example, would not be subject to the proposed rule. Such a manufacturer could recommend that its hardener be combined with components of other manufacturers, possibly resulting in a coating that exceeds the VOC content standards of the rule. Such a situation could essentially undermine the impact of the proposed rule. In the preamble to the proposed rule, the EPA stated that the rule may need to apply to all automobile refinish coating component manufacturers and importers to be effective. Commenters on the proposed rule recommended that the EPA expand the applicability of the rule to include all component

manufacturers and importers to address the problem of components that may result in noncompliant coatings. No commenter was opposed to expanding the applicability.

At the time of the proposed rule, the EPA had not addressed how to determine compliance with the rule if applicability were expanded to include manufacturers and importers of coating components; therefore, the EPA did not propose a compliance mechanism for the rule for coatings consisting of components of multiple entities. The EPA is proposing in this supplemental notice to include as regulated entities all manufacturers and importers of automobile refinish coating components. The EPA is thus also proposing a mechanism for determining compliance with the rule for coatings consisting of components made or imported by multiple entities.

For the purposes of this proposed rulemaking, an automobile refinish coating is defined to include any combination of coating components recommended for automobile refinishing by the manufacturer or importer of one or more of the coating components. A recommendation for use in automobile refinishing that appears on a product container or in any product literature shall constitute a recommendation for automobile refinishing use.

Determining compliance for coatings consisting of components made or imported by one regulated entity is

relatively easy. In general, determining compliance with the proposed rule would consist of "spot checking," where the EPA would obtain coating components, mix the components in the ratios recommended by the regulated entity (on the containers or in any product literature), and analyze the resulting coating using Reference Method 24. The EPA considered requiring regulated entities to perform VOC testing of their coatings on a regular basis (e.g., every nth batch) to demonstrate compliance with the rule, but believes that such a requirement would be economically infeasible. The EPA believes that random spot checks will be adequate to encourage regulated entities to assure that all of their coating batches are compliant; however, the EPA welcomes comments on other ways to demonstrate compliance.

Determining the compliance of coatings that consist of components made or imported by multiple regulated entities is more difficult. The EPA considered several options for determining compliance in these cases. The EPA considered requiring regulated entities (that recommend the use of their components with those of other regulated entities) to use Reference Method 24 to test the coatings resulting from their recommendations. Using this information, the entities would establish the maximum allowable VOC content of their components, and the EPA would spot check components to determine compliance. However, the EPA has no standard

method for determining the VOC content of components. Also, the VOC content of a coating is not simply the sum of the VOC contents its components, so component VOC content is not necessarily an indicator of the VOC content of the overall coating. Therefore, the EPA believes it is technically infeasible to determine compliance using component VOC content information.

Because of the technical infeasibility of the approach described above, the EPA has concluded that the responsibility for coatings should be based on product recommendations. In other words, if an entity recommends a combination of components (made or imported by one or more regulated entities), then that entity is responsible for the compliance of the resulting coating. There may be cases where a coating resulting from an entity's recommendation is noncompliant because of the components of other entities. Since this occurrence may be beyond the control of the recommending entity in some circumstances, the EPA considered allowing the entity to provide the EPA with new or existing Reference Method 24 test data demonstrating the compliance of the coating resulting from their recommendation. This option is technically feasible, and is the most appealing since compliance is determined in essentially the same way for all regulated entities. It is this option that the EPA is proposing in today's notice to

address coatings consisting of components of multiple regulated entities.

It is important to note that regulated entities would be liable only for those coatings they recommend. For example, if a regulated entity recommends that three of its coating components be combined and used in automobile refinishing, it is responsible for the coating that results from that combination. If a regulated entity recommends the substitution of one of its components for that of another regulated entity, the former entity is responsible for the resulting coating. A regulated entity is not responsible for coatings resulting from the recommendations of others, even if such recommendations involve the use of components of that regulated entity. The EPA solicits comments on the compliance mechanism proposed in today's notice.

#### Touch-up Coatings

Two commenters on the proposed rule recommended exempting touch-up coatings from the rule. The commenters stated that such coatings are sold in small containers, are applied by brush, and are used only for minor scratches or nicks that do not require more extensive repair.

Touch-up coatings differ from typical refinish topcoats in that they are typically used by automobile owners to repair minor scratches or nicks, require no mixing prior to application, and are sold in small containers. Since the

EPA has already exempted coatings supplied in nonrefillable aerosol containers from the proposed rule, aerosol touch-up coatings are already exempted under the proposed rule. In this notice, the EPA is proposing to exempt all touch-up coatings because they are a relatively insignificant emissions source. The EPA is proposing the following definition for touch-up coatings, obtained from South Coast Air Quality Management District Rule 1151:

Touch-up coatings are coatings applied by brush, air-brush, or non-refillable aerosol can to cover minor surface damage and dispensed in containers of no more than eight ounces.

The EPA welcomes comments on the definition and exemption of touch-up coatings proposed in today's notice.

#### Test Methods

One commenter on the proposed rule stated that the EPA had not designated a reliable test method for determining the acid content of pretreatment wash primers. The proposed method, ASTM Test Method D 1613-91, covers the determination of total acidity in organic compound and hydrocarbon mixtures used in paints and other substances. This method consists of a titration using a color indicator to determine the endpoint of the titration. The EPA agrees that since

some pretreatment wash primers are pigmented, tests using color indicators may not work. However, the proposed method can be used to determine the acid content of the acid-containing component of the primer.

Pretreatment wash primers typically consist of two components: a "base" coating and a catalyst. The base contains the pigment, and the catalyst contains the acid. The catalyst is a mixture of organic compounds that contains acid; therefore, it is in the scope of the proposed method. The EPA is proposing in this notice that the proposed test method be used to determine the acid content of the catalyst, and that calculations involving the acid content of the catalyst and the mixing ratio of the base to the catalyst be performed to determine the overall weight percent of acid in a primer.

In the proposed rule, anti-glare/safety coatings were included in the specialty coating category, and were defined as coatings that do not reflect light. One commenter stated that anti-glare coatings do reflect some light, and that it would be more appropriate to call such coatings "low gloss coatings" and specify a gloss value to delineate them from other coatings. The EPA agrees, and is proposing in this notice to replace "anti-glare/safety coatings" with "low-gloss coatings," defined as topcoats with specular gloss values of 25 or less with a 60° gloss meter. The EPA is

proposing that ASTM Test Method D 523-89 be used for the determination of specular gloss of coatings. This method is used by industry for this purpose. The EPA requests comments on the appropriateness of both of the test methods described above.

#### Multi-colored topcoats

One commenter on the proposed rule suggested the addition of a coating category for multi-colored topcoats, which are wear-resistant and durable coatings used mainly for lining the cargo beds of pickup trucks and other utility vehicles. The commenter stated that the South Coast Air Quality Management District (SCAQMD) Rule 1151 has a separate category and VOC content standard for multi-colored topcoats, and recommended the EPA either include a separate category for these coatings or include them in the definition of specialty coatings.

The EPA did not specifically address multi-colored topcoats in the proposed rule. Since the EPA has no information indicating that such coatings can meet the topcoat standard, and because of their special use as protective coatings, the EPA is proposing in today's notice to include multi-colored topcoats in the specialty coating category. The EPA is proposing in today's notice to define multi-colored topcoats as topcoats which exhibit more than one color, are packaged in a single container, and are

applied in a single coat. The EPA solicits comments on this proposed definition of multi-colored topcoats, and the addition of such topcoats to the specialty coatings category.

#### Administrative Requirements

##### Paperwork Reduction Act

The Office of Management and Budget (OMB) approved the information collection requirements contained in the April 30, 1996, proposed rule (61 FR 19005) under the provisions of the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq.*, and assigned OMB control number 2060-0353. The EPA estimated there were thirty regulated entities under that proposed rule. In today's supplemental proposal, the EPA is proposing to expand applicability; however, this expansion of applicability serves mainly to elucidate which entity is responsible for a given coating. The EPA does not expect a significant increase in the number of regulated entities as a result of today's action because most entities that make or import coatings also make or import coating components. Therefore, the EPA's original estimate of regulated entities accounts for the entities that would be subject as a result of today's supplemental proposal.

##### Executive Order 12866

Under Executive Order 12866 [58 FR 51735 (October 4, 1993)], the EPA must determine whether a regulatory action

is "significant" and therefore subject to OMB review and the requirements of this Executive Order to prepare a regulatory impact analysis (RIA). The Order defines "significant regulatory action" as one that is likely to result in a rule that may (1) have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the executive order. Today's supplemental proposal is not a "significant regulatory action" within the meaning of the executive order.

#### Executive Order 12875

To reduce the burden of federal regulations on States and small governments, the President issued Executive Order 12875 on October 26, 1993, entitled Enhancing the Intergovernmental Partnership. In particular, this executive order is designed to require agencies to assess the effects of regulations that are not required by statute

and that create mandates upon State, local, or tribal governments. This regulation does not create mandates upon State, local, or tribal governments.

#### Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice-and-comment rulemaking requirements unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. Small entities include small businesses, small not-for-profit enterprises, and small governmental jurisdictions.

The EPA performed an Initial Regulatory Flexibility Analysis (IRFA) to determine the extent of any impacts under the proposed rule. This IRFA was included in the docket for the proposed rule. In this supplemental proposal, the EPA is proposing to expand the class of regulated entities to include all automobile refinish coating component manufacturers and importers. For the purposes of this supplemental proposal, the EPA is now updating the IFRA.

The EPA estimates there are about 20-25 companies producing automobile refinish coating components. At least 10 of these are large companies that have the majority of the industry market share. The EPA believes that the remaining 10-15 companies have fewer than 500 employees and

are therefore small entities in accordance with Small Business Administration regulations. Several of the small companies produce only thinners and reducers. The thinners/reducers used in low-VOC coatings are not significantly different from those used in conventional coatings; therefore, the proposed rule will not have a significant impact on manufacturers of thinners/reducers because little, if any, reformulation of these components will be necessary under the proposed rule. Some of the remaining small companies already produce low-VOC coating components because they operate in areas that already have State or local automobile refinish rules in effect. Most State and local rules are at least as stringent as the proposed national rule. The EPA concludes, therefore, that the proposed rule would not have a significant impact on these companies.

The remaining small companies will be impacted by the proposed rule, but the EPA believes that the impact will not be significant. The impacts of the proposed rule are from process modifications, training, and reporting requirements, as discussed in the IRFA. Process modifications are those changes that may be necessary for the production of low-VOC (high-solids) coatings, including the use of different mixing and pumping equipment. Some manufacturers affected by State and local rules have already

complied with those rules by changing the recommended mixing ratios of components and have not changed the components themselves in a significant way; therefore, few process modifications have likely been necessary in these cases. Where process modifications are necessary, their impact will not be significant; when such impacts are examined assuming that they will be passed on to the user (as was done in the IFRA), the impacts do not significantly affect the cost of coatings or refinish jobs.

The EPA believes that the impacts from training and reporting requirements will be minimal. Many States have developed automobile refinish rules since the time the impacts analysis for the proposed national rule was performed, and the regulated entities have already taken steps to comply with such regulations. It is likely that most, if not all, regulated entities are already familiar with low-VOC coatings; therefore, the need for training (and, thus, training costs) are likely overstated in the analysis for the proposed rule. Training was estimated to cost less than \$500 per individual for the proposed rule. For small entities with few employees needing training, this cost would not be significant. Reporting requirements of the proposed rule consist of an initial report that provides the EPA with basic information about regulated entities (name, location, etc.), and periodic reports (if necessary)

to explain any date codes that regulated entities may use to indicate the manufacture date of components. Given the limited nature of the reporting requirements, the EPA believes that the impact of the reporting requirements will not be significant.

The EPA does not have data sufficient to quantify precisely the impact of the proposed rule by measures such as percentage of sales, but the nature of the impacts are such that the impacts will be small. The EPA bases this conclusion upon the information that was reasonably available to Agency, and hereby solicits further relevant information regarding the cost of compliance with the proposed rule.

There are several aspects of the proposed rule which the EPA has instituted to minimize any impacts to small entities. First, the EPA has proposed not to require a regulated entity to perform initial VOC testing of its coating components or any of the coatings that might result from the combination of the entity's components with those of other regulated entities. The EPA believes that such an approach would have required regulated entities to perform numerous tests which, in the aggregate, could have imposed significant costs upon regulated entities. The EPA believes that such a requirement would have had a disproportionate impact upon small entities. Instead, the EPA has proposed

to link responsibility for a coating's compliance with the regulated entity's recommendations for use. The EPA will assure compliance by "spot-checking" the VOC content of the coatings that result from such recommendations.

Second, the EPA has proposed not to require a regulated entity to perform periodic VOC testing of its coating component batches. The EPA considered requiring regulated entities to periodically test batches of their components to ensure that the VOC content of coatings resulting from the combination of such components would be compliant. As discussed above, compliance with the proposed rule will be determined by the spot-checking of coatings. Regulated entities may rely on formulation data only to assure themselves of their compliance, or they may decide to perform some VOC testing for this purpose, but the EPA is not requiring batch testing. The EPA believes that not requiring batch testing will limit the impact upon regulated entities and, in particular, will help to alleviate impacts upon small entities.

Finally, the EPA has proposed not to require recordkeeping by regulated entities. The EPA considered requiring regulated entities to maintain records containing information on coating component batches but determined that such records would not aid significantly in the enforcement of the standard. As stated above, the only reporting

requirements are an initial report that allows the EPA to determine the universe of regulated entities, and reports that explain date codes if such codes are used to indicate the date of manufacture. The EPA believes that minimization of recordkeeping and reporting requirements will help to decrease impacts upon small entities.

For the foregoing reasons, the EPA anticipates that the proposed rule will not have a significant impact on a substantial number of small entities. The EPA believes that this conclusion is appropriate with respect to all entities to be regulated under the proposed rule, including the component manufacturers and importers encompassed by this supplemental proposal.

#### Unfunded Mandates Act of 1995

Under section 202 of the Unfunded Mandates Reform Act of 1995 ("Unfunded Mandates Act"), signed into law on March 22, 1995, the EPA must prepare a budgetary impact statement to accompany any proposed or final rule that includes a Federal mandate that may result in estimated costs to State, local, or tribal governments in the aggregate, or to the private sector, of \$100 million or more.

The EPA has determined that today's action does not include a Federal mandate that may result in estimated costs of \$100 million or more to either State, local, or tribal

governments in the aggregate, or to the private sector. Therefore, the requirements of section 202 of the Unfunded Mandates Act do not apply to this action.

#### Electronic Submission of Comments

Comments may be submitted electronically by sending electronic mail (e-mail) to: a-and-r-docket@epamail.epa.gov. Electronic comments must be submitted as an ASCII file, avoiding the use of special characters and any form of encryption. Comments will also be accepted on diskette in WordPerfect 5.1 or ASCII file format. All comments in electronic form must be identified by the docket number A-95-18. No Confidential Business Information (CBI) should be submitted through e-mail. Electronic comments may be filed online at many Federal Depository Libraries.

#### List of Subjects

Environmental protection, Air pollution control, Automobile refinish coatings, Consumer and commercial products, Volatile organic compounds.

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Date

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Richard D. Wilson  
Acting Assistant Administrator for  
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